



Implications of the Result of the Brexit Referendum

EURO



On 23 June 2016 the UK voted to leave the EU. The Financial markets reacted very quickly and very negatively. Political events were equally speedy starting with David Cameron's announcement to stand down as Prime Minister. The purpose of this statement is to provide some reassurance to NILGOSC members and pensioners.

Background

Assuming that the UK Parliament ratifies the outcome of the Referendum and the Government initiates the process to leave the EU then it will take a number of years for the UK's exit to be complete. Even then, it will take longer to unravel EU laws from UK laws if that is the intention of Government. In other words the process will take some time and there is no clear indication of what will change and what will not change.

Financial Markets

As seen in the aftermath of the vote announcement the financial markets fell badly. More volatility is expected in the short term.

*The calculation of your NILGOSC pension is based on your pensionable pay and is **not** dependent on the financial markets.*

You may see some commentators declare that market falls will affect pensions but they will be referring to the more common 'Defined Contribution' pension schemes which are based on investment values and not the 'Defined Benefit' schemes such as NILGOSC.

Therefore if you are currently paying into the Scheme and are yet to take your NILGOSC pension benefits you should not be concerned that the turmoil in the financial markets will affect the calculation of your pension.

If you already are receiving your pension then the value is not affected by the financial turmoil. For most years your

pension has *increased* in line with inflation and there is a protection to ensure that when inflation is negative your pension is not reduced. If you are receiving your pension *and* you live outside of the UK (whether in the EU or not) there will be no change to the existing process.

Other Changes

In the weeks leading up to the Referendum some of the national newspapers ran headlines stating that pensions were at risk should the UK vote to leave the EU. Please note that following the announcement on Friday morning there has been **no change** to the rules of the pension scheme, to the amount of pensions which we currently pay or to the value of the pensions which members have already saved.